
By: **Carroll County Senators**

Introduced and read first time: February 13, 2004

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Carroll County - Public Facilities Bonds**

3 FOR the purpose of authorizing and empowering the County Commissioners of
4 Carroll County, from time to time, to borrow not more than \$19,000,000 in order
5 to finance the construction, improvement, or development of certain public
6 facilities in Carroll County, including water and sewer projects, to finance fire or
7 emergency-related equipment, buildings, and other facilities of volunteer fire
8 departments in the county, to finance the payment of any unfunded liability of
9 the county to the State Retirement and Pension System of Maryland, and to
10 effect such borrowing by the issuance and sale at public or private sale of its
11 general obligation bonds in like par amount; empowering the county to fix and
12 determine, by resolution, the form, tenor, interest rate or rates or method of
13 determining the same, terms, conditions, maturities, and all other details
14 incident to the issuance and sale of the bonds; empowering the county to issue
15 refunding bonds for the purchase or redemption of bonds in advance of maturity;
16 providing that such borrowing may be undertaken by the county in the form of
17 installment purchase obligations executed and delivered by the county for the
18 purpose of acquiring agricultural land and woodland preservation easements;
19 empowering and directing the county to levy, impose, and collect, annually, ad
20 valorem taxes in rate and amount sufficient to provide funds for the payment of
21 the maturing principal of and interest on the bonds; exempting the bonds and
22 refunding bonds and the interest thereon and any income derived therefrom
23 from all State, county, municipal, and other taxation in the State of Maryland;
24 providing that nothing in this Act shall prevent the county from authorizing the
25 issuance and sale of bonds the interest on which is not excludable from gross
26 income for federal income tax purposes; and relating generally to the issuance
27 and sale of such bonds.

28 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
29 MARYLAND, That, as used herein, the term "County" means the body politic and
30 corporate of the State of Maryland known as the County Commissioners of Carroll
31 County, and the term "construction, improvement, or development of public facilities"
32 means the acquisition, alteration, construction, reconstruction, enlargement,
33 equipping, expansion, extension, improvement, rehabilitation, renovation, upgrading,
34 and repair of public buildings and facilities and public works projects, including, but
35 not limited to, public works projects such as roads, bridges and storm drains, public

1 school buildings and facilities, landfills, Carroll Community College buildings and
2 facilities, public operational buildings and facilities such as buildings and facilities for
3 County administrative use, public safety, health and social services, libraries, refuse
4 disposal buildings and facilities, water and sewer infrastructure facilities, easements
5 or similar or related rights in land that restrict the use of agricultural land or
6 woodland to maintain the character of the land as agricultural land or woodland, and
7 parks and recreation buildings and facilities, together with the costs of acquiring land
8 or interests in land as well as any related architectural, financial, legal, planning, or
9 engineering services.

10 SECTION 2. AND BE IT FURTHER ENACTED, That the County is hereby
11 authorized to finance any part or all of the costs of the public facilities described in
12 Section 1 of this Act, to make loans to each and every volunteer fire department in the
13 County upon such terms and conditions as may be determined by the County for the
14 purpose of financing certain fire or emergency-related equipment, buildings, or other
15 facilities of volunteer fire departments, to finance the payment of any unfunded
16 liability of the County to the State Retirement and Pension System of Maryland, and
17 to borrow money and incur indebtedness for those purposes, at one time or from time
18 to time, in an amount not exceeding, in the aggregate, \$19,000,000 and to evidence
19 such borrowing by the issuance and sale upon its full faith and credit of general
20 obligation bonds in like par amount, which may be issued at one time or from time to
21 time, in one or more groups or series, as the County may determine.

22 SECTION 3. AND BE IT FURTHER ENACTED, That the bonds shall be
23 issued in accordance with a resolution of the County, which shall describe generally
24 the construction, improvement, or development of public facilities, including water
25 and sewer projects, the fire or emergency-related equipment, buildings, or other
26 facilities of volunteer fire departments in the County, and the unfunded liability of
27 the County to the State Retirement and Pension System of Maryland, for which the
28 proceeds of the bond sale are intended and the amount needed for those purposes. The
29 County shall have and is hereby granted full and complete authority and discretion in
30 the resolution to fix and determine with respect to the bonds of any issue: the
31 designation, date of issue, denomination or denominations, form or forms, and tenor
32 of the bonds which, without limitation, may be issued in registered form within the
33 meaning of Section 30 of Article 31 of the Annotated Code of Maryland, as amended;
34 the rate or rates of interest payable thereon, or the method of determining the same,
35 which may include a variable rate; the date or dates and amount or amounts of
36 maturity, which need not be in equal par amounts or in consecutive annual
37 installments, provided only that no bond of any issue shall mature later than 30 years
38 from the date of its issue; the manner of selling the bonds, which may be at either
39 public or private sale, for such price or prices as may be determined to be for the best
40 interests of Carroll County; the manner of executing and sealing the bonds, which
41 may be by facsimile; the terms and conditions of any loans made to volunteer fire
42 departments; the terms and conditions of a payment by the County of any unfunded
43 liability of the County to the State Retirement and Pension System of Maryland, the
44 terms and conditions, if any, under which bonds may be tendered for payment or
45 purchase prior to their stated maturity; the terms or conditions, if any, under which
46 bonds may or shall be redeemed prior to their stated maturity; the place or places of
47 payment of the principal of and the interest on the bonds, which may be at any bank

1 or trust company within or without the State of Maryland; covenants relating to
2 compliance with applicable requirements of federal income tax law, including
3 (without limitation) covenants regarding the payment of rebate or penalties in lieu of
4 rebate; covenants relating to compliance with applicable requirements of federal or
5 state securities laws; and generally all matters incident to the terms, conditions,
6 issuance, sale, and delivery thereof.

7 Bonds issued under the authority of this Act to finance the payment of any
8 unfunded liability of the County to the State Retirement and Pension System of
9 Maryland may be issued for the public purposes of (i) realizing savings with respect to
10 the aggregate cost of the County payment liability being funded, on either a direct
11 comparison or present value basis; or (ii) structuring or restructuring payment
12 liability costs in a manner that (a) in the aggregate effects a reduction in the total cost
13 of the County payment liability as described, or (b) is determined by the County to be
14 in the best interests of the County, to be consistent with the County's long-term
15 financial plan, and to realize a financial objective of the County, including improving
16 the relationship of liability payment costs to a source of payments such as taxes,
17 assessments or other charges. Any findings made by the County in the resolution
18 regarding the public purposes achieved by the issuance of bonds for such purposes
19 shall be conclusive.

20 The bonds may be made redeemable before maturity, at the option of the County,
21 at such price or prices and under such terms and conditions as may be fixed by the
22 County prior to the issuance of the bonds, either in the resolution or in subsequent
23 resolutions. The bonds may be issued in registered form, and provision may be made
24 for the registration of the principal only. In case any officer whose signature appears
25 on any bond ceases to be such officer before the delivery thereof, such signature shall
26 nevertheless be valid and sufficient for all purposes as if he had remained in office
27 until such delivery. The bonds and the issuance and sale thereof shall be exempt from
28 the provisions of Sections 9, 10, and 11 of Article 31 of the Annotated Code of
29 Maryland, as amended.

30 The borrowing authorized by this Act may also be undertaken by the County in
31 the form of installment purchase obligations executed and delivered by the County for
32 the purpose of acquiring easements or similar or related rights in land that restrict
33 the use of agricultural land or woodland to maintain the character of the land as
34 agricultural or woodland. The form of installment purchase obligations, the manner
35 of accomplishing the acquisition of easements, which may be the direct exchange of
36 installment purchase obligations for easement, and all matters incident to the
37 execution and delivery of the installment purchase obligations and acquisition of the
38 easements by the County shall be determined in the resolution. Except where the
39 provisions of this Act would be inapplicable to installment purchase obligations, the
40 term "bonds" used in this Act shall include installment purchase obligations and
41 matters pertaining to the bonds under this Act, such as the security for the payment
42 of the bonds, the exemption of the bonds from State, County, municipal, or other
43 taxation, and authorization to issue refunding bonds and the limitation on the
44 aggregate principal amount of bonds authorized for issuance, shall be applicable to
45 installment purchase obligations.

1 The County may enter into agreements with agents, banks, fiduciaries,
2 insurers, or others for the purpose of enhancing the marketability of any security for
3 the bonds and for the purpose of securing any tender option that may be granted to
4 holders of the bonds, all as may be determined and presented in the aforesaid
5 resolution, which may (but need not) state as security for the performance by the
6 County of any monetary obligations under such agreements the same security given
7 by the County to bondholders for the performance by the County of its monetary
8 obligations under the bonds.

9 If the County determines in the resolution to offer any of the bonds by
10 solicitation of competitive bids at public sale, the resolution shall fix the terms and
11 conditions of the public sale and shall adopt a form of notice of sale, which shall
12 outline the terms and conditions, and a form of advertisement, which shall be
13 published in one or more daily or weekly newspapers having a general circulation in
14 the County and which may also be published in one or more journals having a
15 circulation primarily among banks and investment bankers. At least one publication
16 of the advertisement shall be made not less than 10 days before the sale of the bonds.

17 Upon delivery of any bonds to the purchaser or purchasers, payment therefor
18 shall be made to the Comptroller of Carroll County or such other official of Carroll
19 County as may be designated to receive such payment in a resolution passed by the
20 County before such delivery.

21 SECTION 4. AND BE IT FURTHER ENACTED, That the net proceeds of the
22 sale of bonds shall be used and applied exclusively and solely for the acquisition,
23 construction, improvement, or development of public facilities, including water and
24 sewer projects, to make loans to volunteer fire departments for the financing of fire or
25 emergency-related equipment, buildings, or other facilities of volunteer fire
26 departments in the County or to finance the payment of an unfunded liability of the
27 County to the State Retirement and Pension System of Maryland for which the bonds
28 are sold. If the amounts borrowed shall prove inadequate to finance the projects
29 described in the resolution, the County may issue additional bonds with the
30 limitations hereof for the purpose of evidencing the borrowing of additional funds for
31 such financing, provided the resolution authorizing the sale of additional bonds shall
32 so recite, but if the net proceeds of the sale of any issue of bonds exceed the amount
33 needed to finance the projects described in the resolution, the excess funds so
34 borrowed and not expended shall be applied to the payment of the next principal
35 maturity of the bonds or to the redemption of any part of the bonds which have been
36 made redeemable or to the purchase and cancellation of bonds, unless the County
37 shall adopt a resolution allocating the excess funds to the acquisition, construction,
38 improvement, or development of other public facilities, including water and sewer
39 projects, or to the financing of other fire or emergency-related equipment, buildings,
40 or other facilities of volunteer fire departments in the County or to the finance of the
41 payment of an unfunded liability of the County to the State Retirement and Pension
42 System of Maryland, as defined and within the limits set forth in this Act.

43 SECTION 5. AND BE IT FURTHER ENACTED, That the bonds hereby
44 authorized shall constitute, and they shall so recite, an irrevocable pledge of the full
45 faith and credit and unlimited taxing power of the County to the payment of the

1 maturing principal of and interest on the bonds as and when they become payable. In
2 each and every fiscal year that any of the bonds are outstanding, the County shall
3 levy or cause to be levied ad valorem taxes upon all the assessable property within the
4 corporate limits of the County in rate and amount sufficient to provide for or assure
5 the payment, when due, of the principal of and interest on all the bonds maturing in
6 each such fiscal year and, in the event the proceeds from the taxes so levied in any
7 such fiscal year shall prove inadequate for such payment, additional taxes shall be
8 levied in the succeeding fiscal year to make up any such deficiency. The County may
9 apply to the payment of the principal of and interest on any bonds issued hereunder
10 any funds received by it as loan repayments from volunteer fire departments and any
11 funds received by it from the State of Maryland, the United States of America, any
12 agency or instrumentality thereof, or from any other source, if such funds are granted
13 for the purpose of assisting the County in financing the acquisition, construction,
14 improvement, or development of the public facilities defined in this Act, including the
15 water and sewer projects or the aforementioned fire or emergency-related equipment,
16 buildings, or other facilities for volunteer fire departments in the County, and, to the
17 extent of any such funds received or receivable in any fiscal year, the taxes that are
18 required to be levied may be reduced accordingly.

19 SECTION 6. AND BE IT FURTHER ENACTED, That the County is further
20 authorized and empowered, at any time and from time to time, to issue its bonds in
21 the manner herein above described for the purpose of refunding, by payment at
22 maturity or upon purchase or redemption, any bonds issued hereunder. The validity
23 of any such refunding bonds shall in no way be dependent upon or related to the
24 validity or invalidity of the obligations so refunded. The powers herein granted with
25 respect to the issuance of bonds shall be applicable to the issuance of refunding bonds.
26 Such refunding bonds may be issued by the County for the purpose of providing it
27 with funds to pay any of its outstanding bonds issued hereunder at maturity, for the
28 purpose of providing it with funds to purchase in the open market any of its
29 outstanding bonds issued hereunder, prior to the maturity thereof, or for the purpose
30 of providing it with funds for the redemption prior to maturity of any outstanding
31 bonds issued hereunder which are, by their terms, redeemable, for the purpose of
32 providing it with funds to pay interest on any outstanding bonds issued hereunder
33 prior to their payment at maturity of purchase or redemption in advance of maturity,
34 or for the purpose of providing it with funds to pay any redemption or purchase
35 premium in connection with the refunding of any of its outstanding bonds issued
36 hereunder. The proceeds of the sale of any such refunding bonds shall be segregated
37 and set apart by the County as a separate trust fund to be used solely for the purpose
38 of paying the purchase or redemption prices of the bonds to be refunded.

39 SECTION 7. AND BE IT FURTHER ENACTED, That the County may, prior
40 to the preparation of definitive bonds, issue interim certificates or temporary bonds,
41 exchangeable for definitive bonds when such bonds have been executed and are
42 available for such delivery, provided, however, that any such interim certificates or
43 temporary bonds shall be issued in all respects subject to the restrictions and
44 requirements set forth in this Act. The County may, by appropriate resolution,
45 provide for the replacement of any bonds issued hereunder which shall have become
46 mutilated or lost or destroyed upon such conditions and after receiving such
47 indemnity as the County may require.

1 SECTION 8. AND BE IT FURTHER ENACTED, That any and all obligations
2 issued pursuant to the authority of this Act, their transfer, the interest payable
3 thereon, and any income derived therefrom in the hands of the holders thereof from
4 time to time (including any profit made in the sale thereof) shall be and are hereby
5 declared to be at all times exempt from State, county, municipal, or other taxation of
6 every kind and nature whatsoever within the State of Maryland. Nothing in this Act
7 shall prevent the County from authorizing the issuance and sale of bonds the interest
8 on which is not excludable from gross income for federal income tax purposes.

9 SECTION 9. AND BE IT FURTHER ENACTED, That the authority to borrow
10 money and issue bonds conferred on the County by this Act shall be deemed to provide
11 an additional and alternative authority for borrowing money and shall be regarded as
12 supplemental and additional to powers conferred upon the County by other laws and
13 shall not be regarded as in derogation of any power now existing; and all Acts of the
14 General Assembly of Maryland heretofore passed authorizing the County to borrow
15 money are hereby continued to the extent that the powers contained in such Acts have
16 not been exercised, and nothing contained in this Act may be construed to impair, in
17 any way, the validity of any bonds that may have been issued by the County under the
18 authority of any said Acts, and the validity of the bonds is hereby ratified, confirmed,
19 and approved. This Act, being necessary for the welfare of the inhabitants of Carroll
20 County, shall be liberally construed to effect the purposes hereof. All Acts and parts of
21 Acts inconsistent with the provisions of this Act are hereby repealed to the extent of
22 such inconsistency.

23 SECTION 10. AND BE IT FURTHER ENACTED, That this Act shall take
24 effect June 1, 2004.